



DOMINION STORES LIMITED

54th Annual Report



To the Shareholders

FISCAL YEAR ENDED MARCH 23rd, 1974



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Shareholders' Auditors	Coopers & Lybrand, Toronto
Bankers	
Bank of Montreal	
Banque Canadienne Nationale	
Banque Provinciale du Canada	
Canadian Imperial Bank of Commerce	
The Bank of Nova Scotia	
The Royal Bank of Canada	
The Toronto-Dominion Bank	
First National Bank, Palm Beach	
Transfer Agents	
Crown Trust Company	
Toronto, Montreal and Vancouver	
Canada Permanent Trust Company	
Halifax and Saint John	
Bankers Trust Company, New York	

Registrars	
Crown Trust Company,	
Toronto, Montreal and Vancouver	
Canada Permanent Trust Company,	
Halifax and Saint John	
Bankers Trust Company, New York	

The Annual Meeting of Shareholders will be held at the O'Keefe Centre for the Performing Arts, Front and Yonge Streets, Toronto, on Thursday, the 15th day of August, 1974, at the hour of 11:00 a.m., Toronto time.

Comparative Highlights

	For the Years Ended	
	March 23, 1974 (53 Weeks)	March 17, 1973 (52 Weeks)
Net Earnings	\$ 13,664,416	\$ 10,022,409
per dollar of sales	1.0c	.9¢
per share of common stock	\$ 1.64	\$ 1.21
Sales		
(An increase of \$208,512,109 or 18.75%)	\$1,320,732,067	\$1,112,219,958
Dividends	\$ 5,984,155	\$ 5,964,973
per share of common stock	72c	72¢
Working Capital	\$ 29,035,963	\$ 32,704,294
Ratio of Current Assets to Current Liabilities	1.43	1.72
Total Reinvested Earnings	\$ 80,232,713	\$ 72,552,452
Shareholders' Equity	\$ 99,073,491	\$ 91,251,239
Number of Stores at End of Year	394	401
Ground Floor Area — Retail (square feet)	6,253,712	6,060,178

Directors and Management

Directors

*JOHN A. McDougald

*Chairman of the Board and
Chairman of the Executive Committee*

LEWIS H. M. AYRE

*GEORGE M. BLACK, Jr.

†A. BRUCE MATTHEWS

**Executive Committee*

†*ALEX E. BARRON

*THOMAS G. BOLTON

*MAXWELL C. G. MEIGHEN

MITCHELL L. WASIK

†*THOMAS G. McCORMACK

*Vice-Chairman of the Board and
Chief Executive Officer*

*STEWART G. BENNETT

PIERRE PAUL DAIGLE

†ANDRE MONAST, Q.C.

†Audit Committee

Corporate Management

THOMAS G. McCORMACK

Vice-Chairman of the Board and Chief Executive Officer

THOMAS G. BOLTON

President

W. FRANK CAPSTICK

Senior Vice-President, Retail Operations

MITCHELL L. WASIK

Secretary

NELSON W. LANCASTER

Comptroller, Operations

ALLEN C. JACKSON

Executive Vice-President

NATHANIEL H. SHAW, Q.C.

Vice-President and General Counsel

E. CLIFFORD WENT

Vice-President, Administration

A. WILLIAM TOMLIN

Comptroller, Corporate Finance

Divisional Management

ALBERT DAVID

Quebec

RONALD C. HYNE

Hamilton, South-Western Ontario and Atlantic Provinces

JAMES A. MALCOLM

Western Canada, North Central and Eastern Ontario

RUSSELL L. NETHERTON

Toronto Districts

District Management

REAL BROUILLETTE

Montreal, Quebec

BARRY HAGAN

Sudbury, Ontario

RAYMOND LUCYSHYN

Hamilton, Ontario

HARRY TAYLOR

Ottawa, Ontario

JOHN N. CAMPBELL

Toronto, Ontario

ELTON C. HAINES

Saint John, N.B.

DAVID M. MARTIN

St. John's, Nfld.

JAMES F. EARLE

Halifax, N.S.

JOHN A. HIGGINSON

Toronto, Ontario

JOHN PANDER

Toronto, Ontario

FRANCOIS GIRARD

Quebec, Quebec

E. C. R. KERR

Winnipeg, Manitoba

JOHN I. QUINN

Windsor, Ontario

GILBERT VIENNEAU

Montreal, Quebec

Special Management

ERVIN F. CAVEN

Director of Personnel and Labour Relations

STANLEY P. GIBSON

Director of General Merchandise

THOMAS THOMSON

Director of Distribution

DOUGLAS H. EDGAR

Director of General Merchandise Planning

A. M. MACDONALD

Director of Corporate Development

JOHN C. TOMA

Director of Merchandising

Annual Report To Shareholders

Dominion Stores Limited ended the 1974 fiscal year in a strong position, but with a true assessment of the results clouded by the effects of rapidly rising rates of inflation.

Satisfaction with this achievement is inevitably tempered by the realization that, as the fiscal year drew to a close, inflation in Canada, according to the Consumer Price Index, was running at an annual rate of more than 10 percent. In such a volatile economic environment, it is difficult for corporations and investors to reach meaningful conclusions and, indeed, to plan or forecast the future with any degree of confidence.

Dominion's success in enlarging its share of the total retail grocery market in Canada, was undoubtedly an accomplishment worth noting. The increase in earnings was welcome, though earnings remain well below the company's historical records in relation to sales and in relation to other standard methods of measurement of corporate performance.

The question of earnings levels is always an important one for shareholders. Earnings frequently tend to be among the first casualties in a period of severe inflation, and yet, their importance to a company increases at a rate as fast as inflation itself.

Dominion has an ongoing need to invest heavily in replacement and in modernization of premises, and in other improvements in its facilities. Only by keeping itself up to date, by reinvesting a major part of its earnings, can a business maintain itself as a viable and healthy enterprise in the economy of the country.

The financing of these capital investments must come in part from the accumulated earnings of the company. For example, Dominion over the past ten years has invested a total of \$157 millions in new capital assets, making possible the opening of 181 new supermarkets as well as the modernization of many others, and the establishment of vastly improved distribution facilities. Depreciation, which in times of economic stability is the creator of much of the funding required for capital investment, becomes grossly inadequate when the cost of new assets is rapidly increasing as a result of inflation.

Sales for fiscal 1974 were 18.75 percent higher than a year earlier, reaching a total of \$1,320,732,000. As the sales chart on page seven shows, the increase in sales

volume since the company launched its deep discount policy in November 1970, has been truly dramatic.

The increase in earnings after taxes, from \$10,022,000 to \$13,664,000, is a move towards providing a better return on operations. However, it represents only a fraction more than 1¢ on each dollar of sales. This is a dangerously low margin of profit for a company operating in a highly competitive industry in a relatively unstable, rapidly changing economy.

Dominion achieved its sales and earnings records in the face of continued intense competition and increased resistance to price increases on the part of consumers and governments. The retail segment of the food industry bore much of the public criticism for higher prices during the year. Dominion's price increases, which were numerous during the fiscal year, stemmed from the company's increased costs. This included countless increases in merchandise supplier charges, improvements in employee salaries and benefits, higher taxes — extra cost burdens in fact in virtually every aspect of company operations. For example, employee salaries and benefits in fiscal 1974 were 223 percent higher than ten years earlier, even though the total number of employees was only 49 percent higher. Municipal taxes were up 139 percent in the ten-year period.

There is some hope that the recent rate of increase in food prices may moderate

during the current year. The higher prices which have already been achieved for many agricultural items should encourage greater supplies which, in turn, should have a beneficial effect on price levels. At the time of writing it is difficult to foresee whether, in the face of prevailing inflationary trends, this moderating influence will in fact come into play as it normally would.

Many of the factors which affect supply and price of goods in Canada, are international in character. However, some originate in Canada and should be responsive to appropriate governmental policies of a fiscal and monetary nature. Close government interest in and scrutiny of all phases of food industry operations continues to prevail. It is your company's hope that this heightened interest in our business will create better understanding both by government authorities and the consuming public.

The Food Prices Review Board has conducted a number of studies and issued several reports on food price matters, and has received the fullest co-operation from Dominion Stores Limited.

The company is anxious that the people of Canada be informed of the factors which ultimately affect retail selling prices, and has pointed out to the Board and to others the fact that food price increases do not originate within the retail segment of the industry but in other aspects of the food industry, and in the economy generally. As traders, Dominion, and no doubt most other

retailers, are simply in a position of passing on to consumers cost increases which cannot be absorbed through operational improvements or economies of scale. In its March 1974 report the Food Prices Review Board concluded that "it is evident that rising prices to the consumer are largely a flow-through of increased selling prices by processors."

Earnings

Net earnings were \$13,664,000 compared with \$10,022,000 in the previous 52 weeks. The company earned about 1¢ for each dollar of sales, just slightly above 9/10¢ per dollar a year earlier. Earnings amounted to \$1.64 per share compared with \$1.21 last year.

Net earnings for the year benefited from the fact that the 1974 fiscal year contained 53 business weeks instead of the usual 52 weeks. While the return on the additional week's business is not treated as an extraordinary item, the 53-week fiscal year occurs only once every five or six years and tends to complicate year-to-year comparisons. Fixed costs are written off over a 52-week period. Thus the additional week does, in effect, provide an extra benefit which does not recur in normal years.

Sales

Sales for the 53 weeks ended March 23, 1974, amounted to \$1,320,732,000, com-

pared with \$1,112,220,000 in the 52 weeks ended March 17, 1973. This was an increase of 18.75 percent. Obviously, the shopping public has given its overwhelming vote in favour of the quality products and services, at discount prices, provided by your company.

In the four fiscal years which have ended since Dominion committed itself to its deep discount pricing policy, sales have doubled, from \$651,650,000 in the year ended March 21, 1970 to \$1,320,732,000 in the year just ended.

Shareholders

Dividends were paid at the annual rate of 72¢ per share during the year, and totalled \$5,984,000. Your directors were pleased to be able to declare a special extra dividend of 10¢ per share payable June 15, 1974.

This extra dividend was modest compensation for the patience of the shareholders during the lengthy period, beginning in 1966, in which the dividend remained unchanged.

The Annual Meeting of Shareholders will be held at the O'Keefe Centre, Front and Yonge Streets, Toronto, on Thursday, August 15, 1974, at 11:00 a.m. Toronto time.

Planning and Development

In fiscal 1974, twelve new supermarkets were opened, adding 328,000 square feet

of store area. Twenty stores were remodelled and modernized, including three enlargements. During the year nineteen smaller, obsolete stores were closed. At the end of the year 394 stores were operating.

There was significant progress in the development and extension of the company's distribution facilities. The new Halifax distribution centre was opened in January, and enlargement of the Toronto distribution centre was underway during the fiscal year. Arrangements were entered into to enlarge and to mechanize the Toronto frozen food distribution facilities and plans are underway to provide modern refrigerated space for the company's Toronto produce and provision distribution facilities.

A significant program of sixteen supermarket openings is planned for the current fiscal year. The company's ongoing program of modernization of present store facilities will continue.

In Appreciation

Employees at all levels in your company contributed to the improvements and successes of the year just ended. Their co-operation and support of company objectives are deeply appreciated. We thank our customers, for their continued patronage and interest; our suppliers, with whom we share many of the economic and operational problems associated with the food industry; and our shareholders, who have made the existence and the operation of Dominion Stores possible.

For the Board of Directors,

JOHN A. McDougald
Chairman of the Board

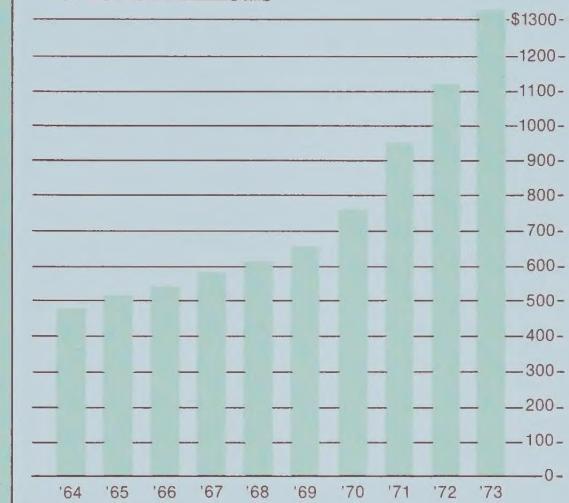
THOMAS G. BOLTON
President

Progress Charts

Net Worth in Millions



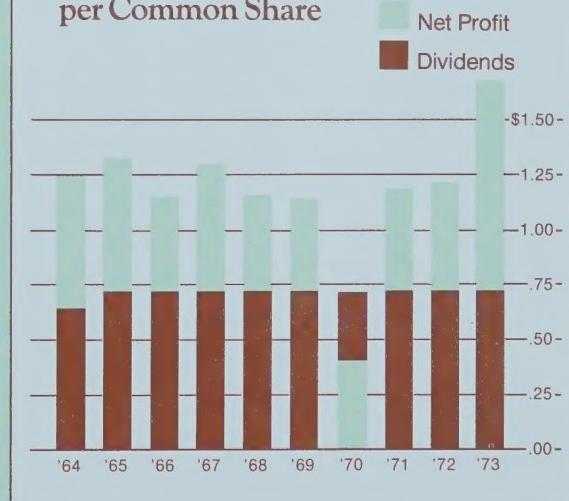
Sales in Millions



Net Profit in Millions



Net Profit and Dividends per Common Share



Consolidated Statements of Earnings and Reinvested Earnings

Consolidated Statement of Earnings

For the Years Ended
 March 23, March 17,
 1974 1973
 (53 Weeks) (52 Weeks)
(in thousands of dollars)

Sales	\$1,320,732	\$1,112,220
Cost of goods sold and expenses except those shown below		
Employees' salaries and benefits	161,741	140,677
Depreciation	10,795	10,071
Municipal taxes	7,919	7,771
Interest on long-term debt	2,312	2,289
Other interest	580	246
Investment income	(381)	(255)
	1,293,201	1,092,953
Earnings before taxes on income	27,531	19,267
Taxes on income	13,867	9,245
Net earnings for the year	\$ 13,664	\$ 10,022
Earnings per share (note 4)	\$ 1.64	\$ 1.21

Consolidated Statement of Reinvested Earnings

For the Years Ended
 March 23, March 17,
 1974 1973
 (53 Weeks) (52 Weeks)
(in thousands of dollars)

Reinvested earnings, beginning of the year	\$ 72,552	\$ 68,495
Net earnings for the year	13,664	10,022
Dividends to shareholders	(5,984)	(5,965)
Reinvested earnings, end of year	\$ 80,232	\$ 72,552

What
makes
Dominion,
Dominion?

The Aim

of Dominion Stores Limited is to fulfil with ever-increasing efficiency its responsibility as a distributor of food to the consumer, producer, manufacturer and processor. And to discharge its responsibility to shareholders whose investment makes the company possible. And to provide its employees with a satisfactory living under the best possible conditions.

Dominion Stores Limited

Head Office:
605 Rogers Road
Toronto, Ont. M6M 1B9

District Offices located in:
St. John's, Newfoundland
Halifax, Nova Scotia
Saint John, New Brunswick
Quebec City, Quebec
Montreal, Quebec
Ottawa, Ontario
Hamilton, Ontario
Sudbury, Ontario
Windsor, Ontario
Winnipeg, Manitoba



Underlying the economics and statistical results of Dominion's widespread and continuously expanding operation lie significant aspects of its direct involvement with — and responsibility to its many publics; our shareholders, employees, loyal customers, governments, suppliers, and consumers at large.

The purpose of this digest is to bring a fresh perspective to the performance of the company as a responsible corporate citizen of Canada. And to point out that our progress, as a retail food distributor is shared by many other sectors of the Canadian Community.

A handwritten signature in black ink, appearing to read "Thomas G. Bolton". The signature is fluid and cursive, with a prominent "T" at the beginning.

Thomas G. Bolton, President



The impact of Dominion's efficiency and growth on the Canadian marketplace.

Dominion operates 394 stores across seven provinces. And our company's decision in 1970 to 'go discount' has resulted in a heightened competitive stance in the entire retail food industry. The 'price-war' which ensued and which continues to the present time, demonstratively benefited the Canadian consumer. Although inflationary pressures continue throughout the food industry at large, mainly in the processing and manufacturing levels.

Dominion's aggressive and persistent retail pricing policies continue to influence the cost of food in the retail industry to a level lower than might otherwise be expected. In Dominion's own case, on the majority of products which we sell, the percentage margin — or difference between our cost and selling price, is considerably lower than historic levels, despite rapidly escalating costs of running the business, on literally all fronts.

Answering the industry's calls for assistance.

From time to time, government agencies and individual areas of agriculture, find an over-supply of product at its primary source. This has a distinct bearing on the economic life of the farmer. On these occasions, Dominion garners all of its purchasing and selling resources, mounting an effective merchandising and special pricing program in aid of rapidly moving the products to Canadian tables. This interaction and tangible cooperation between the various segments of the food industry, typifies Dominion's effective capabilities and influence in the marketing of Canadian food products, particularly during periods of over-supply. Dominion is proud of its role as 'selling agent' for the Canadian farmer.

Dominion participating in local Community projects.

Over many years, Dominion has become involved with the community.

One example is our Cash Register Tape Plan. Through this plan organizations and various community groups, such as women's church or club associations can donate free gift merchandise to their important neighbourhood projects.

It's just another way that we say "Thank you for shopping at Dominion".

Other Projects

Our 'Bridal Pack' Offer to new brides is another example. Under this plan, Dominion acts as the distributor of a free merchandise pack in cooperation with many major daily newspapers across Canada. And it results in 65% to 70% of all new family couples making their first shopping trip to Dominion. Dominion also takes an active part in many community sponsored events and celebrations, often contributing our store facilities as well as staff members on frequent occasions.



Dominion is at the forefront of technological advances.

We've always been interested in the development of new ideas that will result in better service for our customers. So, we're introducing a new check-out system. It consists of electronic cash registers and produce scales which are connected to a computer in the store. This will speed up customer check-out and provide the customer with more accurate information regarding her purchases. Our cashiers also appreciate the easy operation of the keyboard and the ability to handle a greater variety of transactions. Information available from the in-store computer will give our management better control over store operations. This equipment will be upgraded to include scanners at each check-out to read product codes from the label on the package and automatically record the sale. These systems provide two-way communications for ordering, sales information, messages, etc.

Our involvement with beef breeders and 4-H Clubs.

Dominion is one of the largest purchasers of Canada-bred beef of the finest quality. Our buyers, in addition to their daily expert buying practices in the packing houses, can be found at many of Canada's agricultural fairs, bidding for and acquiring the 'Champs'. Our aim is to assist and improve Canada's famous breeding standards.

Typical of these events are the Canadian National Exhibition and Royal Winter Fair, where among other purchases, the Company has over many years successfully bid on the Queen Guineas Champion under the aegis of 4-H Clubs and their junior breeders.

Training Programs assist in planning for future growth.

Dominion has long considered it essential and highly productive to conduct a variety of Training Programs on a continuous basis, throughout the various areas of our chain. Through specially prepared manuals, together with workshops and seminars conducted by Dominion specialists in the various areas of the Company, employees are provided the basis for furthering the development of their initiative and sound business judgment. In addition, many of these programs provide both the Company and the employee an opportunity to measure his or her performance on the job, while improving their acquired skills.

With the degree of technological advances being made in the field of food distribution, a constant scheme of training remains a high priority in the development of Dominion people.

The increasing role of women in our Company.

Dominion has long recognized the high competence of women in the operational and administrative areas of the business. For sometime, comprehensive plans have been underway, through specialized training programs, to accelerate the number of female employees working in important positions throughout the Company.

At the present time, Dominion employs a total of 825 women in positions of responsibility in Stores, Merchandising, Accounting, Research, Personnel, Planning and Training areas. In addition, the many thousands of Dominion cashiers who occupy the Company's prime area of customer contact are among the most efficient and courteous in the industry.

To illustrate the increasing role of women in Dominion, here are a number of the specialized areas where women are making an impressive contribution to our business.



Store Management.

On May 21st of this year, Ms. Paulette Parent became the first female Store Manager in the Company. Ms. Parent manages our store, located at 53 The Links Road in Toronto. A second appointment was made on June 3rd, when Miss V. Kimonen became Store Manager at 390 Lakeshore Drive, North Bay, Ontario. In addition there are 8 other female Store-Managers-in-training, in both Quebec and Ontario. They are expected to be appointed as Store Managers once their training is successfully completed. We look forward to increasing opportunities for women in this important operating area of our business. The Company intends to continue the development of highly capable female Store Managers.

Representing the present group of female Store Managers and Managers in Training, shown above are, from left to right, Paulette Parent, June Blackburn, and Peggy Toirkens.

Head Cashiers - General Merchandise Managers.

Head Cashiers' important assignment places them in direct contact with the shopping public, on a daily basis. This is one of the most important areas of Dominion's store operations. In addition to their responsibilities in maintaining an efficient and smooth-running check-out system, they fulfill a major point of contact in the area of Customer Relations. They execute prime Company policies of courtesy and the friendly adjustment of complaints, while continuing to be perceived as the shopper's major source of information and direction and the hundreds of women who manage our stores' General Merchandise Departments are talented merchandisers with a keen perception of customers' needs. Also, in the company's largest store, Square One, Mississauga, Ont., Mrs. Thora J. Dolan was appointed full-time Home Economist, to assist shoppers in a proper buying and meal planning program. Shown above are from left to right, Chris Gulliver, Loretta Panza, Pat Kipping, and Mary Fitzpatrick.



Accounting – Bookkeeping.

Many of the most qualified women at Dominion can be found in the areas of accounting throughout our offices as well as in bookkeeping in stores.

At present, many women fill important assignments as Group Leaders and Senior or Chief Clerks in offices at Toronto and Montreal; while women invariably occupy the role as responsible bookkeepers in our stores throughout the chain.

The efficiency and dedication of these women – combined with the hundreds of women employees engaged in numerous secretarial and clerical duties, renders to Dominion an outstanding organizational strength to the entire operation of the Company.

Shown above are, standing, Helen Kismoky; seated, Mary Clements.

Research – Data Processing.

Dominion has led the way in maintaining one of the most capable Research Departments in the industry. An extensive range of research projects are being carried out at all times. These relate to diversified aspects of the business. Consumer research projects are carried out under the capable direction of Staff Member of the Research Department at Head Office, Mrs. Birte Nielsen. The ever-expanding aspect of Data Processing is especially suitable to the unique talents of numerous highly-trained competent women, in the areas of Systems and Programming and the operational aspects, as well.

In the major centres of Toronto, Montreal and Halifax, the Company's Data Processing includes diversified functions, such as the ordering of product from warehouses to stores, payrolls and a pricing system. Shown above as representatives of these specific areas are, from left to right, Birte Nielsen, Denise War, and Doreen Davenport.

Personnel-Training.

The continuous growth of Dominion places considerable emphasis on planned personnel development programs. Our training takes many forms, including on-the-job programs, supplemented by Dominion's own Training Manuals, development programs under the leadership of qualified supervisors, extension programs through Cornell University, as well as general courses at colleges.

Through home study courses in Food Distribution in conjunction with Cornell University thousands of the Company's full-time employees have completed or are enrolled in these courses.

In the progression of a continuous flow of qualified highly trained people, the influence of women in the instructional and training areas of the Company, will continue to be clearly evident.

Shown above are, from left to right, Idella Sauenwhite, Sandy Tapper, and Claudette Gomiero.



On an average \$30.00 order here's how our income was distributed.

Dominion Stores Limited has just announced its financial results for the fiscal year which ended March 23, 1974 and which covered 53 weeks of business.

The company achieved record sales of \$1,320,732,000. This means more Canadians continue to shop at Dominion than at any other supermarket. We are proud of being the leader in this highly competitive business. However, during these days when inflation continues to be so widely debated, we believe it is important to explain Dominion's profit, and its relationship to our customers' average weekly expenditure in a Dominion store.

So, we believe it will become clear that Dominion keeps an exceedingly small percentage of its sales dollar, to pay a fair return to our shareholders, whose investment makes the company possible; and to reinvest in the business to keep it healthy and growing.

To buy foods we sell and for other operating expenses we paid \$25.40.

Before Dominion sells the products featured in our stores, we must buy them from suppliers, farmers, meat packing houses, processors and literally hundreds of manufacturers across Canada. Dominion's efficient network of plants and stores is among the world's finest. They constitute an economical and efficient salesforce in the Canadian marketplace, linking our many suppliers' quality products with a large segment of consumers. Dominion's large consumer franchise, constantly growing product volume, and long experience in the art of distribution permits our staff of expert buyers throughout the many regional offices of our chain to buy the best possible products at the best possible price. That's how we can maintain our aggressive discount pricing policy.

Clearly, the largest portion of the company's sales dollar goes to buy the products we sell; as well as to pay for numerous operating expenses. On every \$30.00 order, this payout last year, was \$25.40.

To our valued employees we paid \$3.70.

Dominion employs over 22,000 people. They work in dozens of diversified jobs, from store administration and data processing, to research and plant functions.

They represent one of the most highly trained and experienced merchandising teams on the North American Continent.

The greatest number of employees work at store level, and represent approximately 17,000 friendly men and women who live and work in the communities they serve. Last year, Dominion employees earned a total of \$161,700,000. This represented \$3.70 out of the average \$30.00 order we're using as an example.

Dominion is proud of its corps of loyal employees. And we believe it is our wage and work conditions which continue to attract stable, friendly and capable individuals with a keen interest in the business.



To Federal, Provincial and Municipal Governments we paid 60¢.

Like any Canadian business enterprise, Dominion pays taxes. To all levels of government, last fiscal year we paid over \$28,000,000. For example, this means that on an average \$30.00 order, Governments' tax revenue was 60¢. Looking at it another way, the amount Dominion paid in taxes was 2¢ on every dollar of sales—or about twice the 1¢ profit the company made.

Also many of the items for sale in the average Dominion store are taxable. This creates additional tax dollars for the country, which are a part of the cost of your weekly purchases.

The successful business enterprise plays a significant role in assisting and maintaining the growth of the Canadian economy, as well as providing employment for its immediate employees and the vast number of other wage earners in inter-related industries. Dominion is proud to be paying its way in the economy through taxes made possible by our constantly growing franchise.

On this \$30.00 order our net profit – just 30 cents.

For many people, supermarkets' profits are sometimes difficult to understand. And they are the subject of considerable public discussion.

It is perhaps far simpler to understand the profit Dominion makes on a food order purchased by an average homemaker. For instance on our example \$30.00 order last fiscal year we made just 30¢ as profit.

30 cents is all we kept, to pay our shareholders a fair return on their investment and to enable us to maintain our stores in top condition...to build for the future.

Next time you shop at Dominion bear in mind only a fraction more than a penny on each dollar you spend is our profit...hardly what some people term excessive. In fact, it is half the ratio of profit on our sales dollar which we made 10 years ago!



30 Cents.....that's what Dominion keeps on an average \$30.00 order. This helps to maintain our policy of the lowest Discount Prices possible. It also helps pay our shareholders a fair return on their investment and it permits us to keep our business healthy and growing.



Dominion maintains Distribution Centres – among the world's finest.

Our Company's leadership in the Canadian retail food industry, can be largely attributed to the scope, modernity and efficiency of its distribution centres, combined with its associated transportation capabilities.

Our distribution centre, located at 170 The West Mall in the Etobicoke suburb of Toronto, is a notable example of the degree of the Company's physical growth.

In 1969 this centre opened with a total of 600,000 sq.ft. And in July of this year, the operational size of this centre will be about 900,000 sq.ft. — making it the largest single distribution centre in the industry.

It is a 24-hour highly mechanized operation serving Ontario stores and the number of the individual commodities it handles number approximately 10,000.

Combined with the Company's other plant facilities in Toronto handling produce in temperature controlled conditions, along with provisions — the Company is well set for future growth.

Dominion's Montreal Distribution centre has a total floor area of over 255,000 square feet. Perhaps more important than size, this plant is equipped for the utmost in food handling efficiency, including the latest in mechanical handling apparatus. This distribution centre is modern and efficient. As well as the province of Quebec, it also serves the many diversified areas of the region.

On January 29, 1974 a modern new distribution centre was opened in Halifax, to serve the growing needs of our many stores in the area.

It contains a number of unique features, including a system by which orders placed directly from stores to our Toronto Computer Centre are relayed back to Halifax plant for processing and invoicing. Since its inception into the operation, a noticeable increase of efficiency has resulted. In addition to these major Dominion distribution centres, are other specialized plant facilities, geared to efficient handling of Frozen Food, General Merchandise and other storage.



Dominion people are actively involved with their community.

People make the difference at Dominion, both on the job as well as after their busy day is ended. The personal involvement with the activities in the communities in which Dominion people live, is far too extensive to fully document here.

These active dedicated men and women throughout the chain are to be commended for their exemplary personal efforts, which recognize the importance of community life, in their church groups and service clubs, and the rich rewards that stem from being a 'good neighbour'.

The small group shown above represent all of the other Dominion people, who are making a mark on their communities. They are, seated from left to right, Sally Brown, Ernie Jones, Ron Catherwood; standing from left to right, Bill Ruttle, Vicki Hodges, Jim Hazell, and Charlie Mathieson.



Our company trusts that this brief digest has usefully depicted a behind-the-scenes view of Dominion, a company of over 22,000 people, who are conscientiously serving Canadians with friendliness, courtesy and efficiency the abundance of the 'good things' from our rich Canadian soil.

Dominion Stores Limited

For a more
prosperous
Canada.

Or our name
isn't
 Dominion.

Consolidated Statement of Source and Use of Funds

Source of Funds

	For the Years Ended	
	March 23, 1974 (53 Weeks)	March 17, 1973 (52 Weeks)
	<i>(in thousands of dollars)</i>	
Net earnings for the year	\$13,664	\$10,022
Charges not requiring cash outlay:		
Depreciation	10,795	10,071
Disposal of fixed assets	982	—
Deferred income taxes	255	175
Income from investment in effectively controlled company (note 1)	<u>(153)</u>	<u>—</u>
Funds generated from operations	25,543	20,268
Proceeds from disposal of fixed assets	1,341	780
Proceeds from shares issued under the stock option plan (note 4)	142	1,723
Decrease in mortgages and other investments	<u>651</u>	<u>215</u>
	<u><u>27,677</u></u>	<u><u>22,986</u></u>

Use of Funds

Investment in fixed assets	24,411	13,782
Dividends	5,984	5,965
Reduction of long-term debt	950	466
Increase in investment in effectively controlled company	<u>—</u>	<u>210</u>
	<u><u>31,345</u></u>	<u><u>20,423</u></u>
Increase (Decrease) in Working Capital	(3,668)	2,563
Working Capital, Beginning of Year	<u>32,704</u>	<u>30,141</u>
Working Capital, End of Year	<u><u>\$29,036</u></u>	<u><u>\$32,704</u></u>

Consolidated Balance Sheet as at March 23, 1974

Assets		March 23, 1974	March 17, 1973
		(in thousands of dollars)	
CURRENT:			
Cash		\$ 3,831	\$ 5,710
Accounts receivable		4,551	2,910
Mortgages receivable		280	65
Merchandise — valued at the lower of cost and market (note 1)		86,835	68,279
Prepaid expenses		1,055	973
Deferred income taxes		161	132
		<u>96,713</u>	<u>78,069</u>
MORTGAGES AND OTHER INVESTMENTS — at cost		<u>1,091</u>	<u>1,742</u>
INVESTMENT IN AN EFFECTIVELY CONTROLLED COMPANY (note 1)		<u>2,257</u>	<u>2,104</u>
FIXED ASSETS (note 1):			
Store, warehouse and office equipment		122,305	110,553
Buildings and leasehold improvements		<u>47,909</u>	<u>42,485</u>
		<u>170,214</u>	<u>153,038</u>
Accumulated depreciation		<u>80,196</u>	<u>74,262</u>
		<u>90,018</u>	<u>78,776</u>
Land		<u>9,629</u>	<u>9,578</u>
		<u>99,647</u>	<u>88,354</u>
		<u><u>\$199,708</u></u>	<u><u>\$170,269</u></u>

Liabilities

CURRENT:

	March 23, 1974	March 17, 1973 <i>(in thousands of dollars)</i>
Bank indebtedness	\$ 7,468	\$ 3,665
Accounts payable and accrued expenses	49,311	36,793
Income and sundry taxes	10,811	4,329
Current portion of long-term debt	<u>87</u>	<u>578</u>
	67,677	45,365
DEFERRED INCOME TAXES	7,655	7,400
LONG-TERM DEBT (note 3)	<u>25,303</u>	<u>26,253</u>
	100,635	79,018

Shareholders' Equity

CAPITAL STOCK (note 4):

Authorized — 20,000,000 common shares
without nominal or par value.

Issued and fully paid —

8,319,136 shares (1973 — 8,307,961 shares)	18,841	18,699
REINVESTED EARNINGS	<u>80,232</u>	<u>72,552</u>
	<u>99,073</u>	<u>91,251</u>
	<u>\$199,708</u>	<u>\$170,269</u>

Signed on behalf of the Board —
JOHN A. McDougald, THOMAS G. BOLTON
Directors

Notes to Consolidated Financial Statements

1. ACCOUNTING POLICIES

(i) Principles of Consolidation —

The accompanying financial statements consolidate the accounts of Dominion Stores Limited and all its subsidiaries.

(ii) Investment in an Effectively Controlled Company —

The equity method of accounting has been used to account for the investment in the effectively controlled company.

(iii) Merchandise —

Merchandise is located at both stores and warehouses. The term "market" as it applies to store inventories means "net realizable value" and to warehouse inventories "replacement cost".

(iv) Fixed Assets —

Fixed assets (including significant renewals and betterments) are capitalized at cost. Provisions for depreciation are determined on a straight-line basis over the estimated useful lives of the assets as follows:

Store, warehouse and office equipment	3 to 10 years
Buildings	40 years
Leasehold improvements	term of lease

2. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

In each of the fiscal years ending in 1973 and 1974, the company had twelve Directors and eleven Senior Officers, four of whom were also Directors. The aggregate remuneration of Directors as such was \$53,000 (1973 — \$50,000) and of Senior Officers as such was \$930,000 (1973 — \$679,000).

3. LONG-TERM DEBT

	March 23, 1974	March 17, 1973
	\$	\$
Redeemable sinking fund debentures		
4 1/4 % Series "B" — maturing November 1, 1975 ...	2,435,000	3,234,500
5 1/2 % Series "C" — maturing December 1, 1976 ...	2,142,000	2,684,500
9 3/4 % Series "D" — maturing December 1, 1990 ...	20,000,000	20,000,000
Mortgages payable	813,231	912,158
Carried forward	<u>25,390,231</u>	<u>26,831,158</u>

	\$	\$
Carried forward	25,390,231	26,831,158
Deduct: Current portion included in current liabilities	87,240	577,719
	<u>25,302,991</u>	<u>26,253,439</u>

The principal amounts remaining to be paid in the next five fiscal years are:

Fiscal years ending March	1975	\$ 87,000
1976	.....	2,825,000
1977	.....	2,166,000
1978	.....	1,178,000
1979	.....	1,178,000

4. STOCK OPTION PLAN

Pursuant to an employees' stock option plan adopted by the company on August 26, 1969, 318,893 unissued common shares of the company are reserved as at March 23, 1974. During the year 107,500 shares were allotted to employees and senior officers and 11,175 shares were issued for cash of \$141,991 upon exercise of stock options granted in prior years. Of the options granted to date, the following remain to be exercised (including options on 109,240 shares to senior officers, two of whom are also directors):

Number of shares	Option price	Expiry date
	\$	
190,393	12.75	August 25, 1974
1,940	12.125	August 16, 1975
15,960	13.38	August 22, 1976
107,500	14.13	November 18, 1978

The exercise of these options would have no material effect on the reported earnings per share.

5. LONG-TERM LEASES

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) to the date of expiry or option, whichever occurs first, for each of the periods shown below, is as follows:

	March 23, 1974	March 17, 1973
	\$	\$
Within 10 years	131,305,000	112,777,000
Within the next 5 years ..	49,732,000	43,579,000
Within the next 5 years ..	32,012,000	26,630,000
Within the remainder of the term	12,659,000	7,978,000
	<u>225,708,000</u>	<u>190,964,000</u>
Minimum annual rentals payable under such leases are	<u>17,584,000</u>	<u>15,677,000</u>

Certain leases contain an option to cancel. Should the company exercise these options, it could be required to purchase the related properties.

6. PENSION PLAN

As of January 1, 1974, the estimated unfunded liability amounted to approximately \$18,750,000. This liability is being funded over 16 years by means of annual payments of approximately \$1,644,000. These payments are being charged against operations in the year in which they are made.

7. CAPITAL COMMITMENTS

The company is expanding its distribution facilities at an estimated total cost of \$6,240,000. Expenditures of approximately \$4,300,000 have been made and reflected in the accounts to date. In addition, commitments of approximately \$1,900,000 have been made.

8. 1973 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the 1974 presentation.

Auditors' Report to The Shareholders

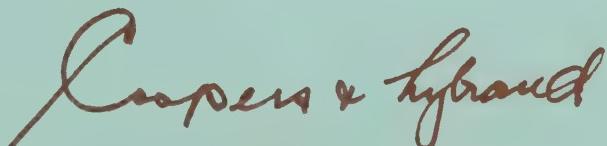
COOPERS & LYBRAND

Chartered Accountants

145 King Street West
Toronto, Ontario

We have examined the consolidated balance sheet of Dominion Stores Limited and its subsidiaries as at March 23, 1974 and the consolidated statements of earnings, reinvested earnings and source and use of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 23, 1974 and the results of their operations and the source and use of their funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants

April 16, 1974

Ten Year Financial Summary *(dollars in millions)*

As at fiscal years ended March:	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
TOTAL ASSETS	\$199.7	\$170.3	\$165.5	\$157.0	\$136.0	\$126.3	\$116.1	\$108.2	\$104.3	\$ 97.8
CURRENT ASSETS	\$ 96.7	\$ 78.1	\$ 76.2	\$ 69.1	\$ 56.1	\$ 51.2	\$ 51.5	\$ 45.0	\$ 47.8	\$ 44.5
CURRENT LIABILITIES	67.7	45.4	46.1	42.0	37.7	32.5	25.8	21.7	21.1	19.8
WORKING CAPITAL	\$ 29.0	\$ 32.7	\$ 30.1	\$ 27.1	\$ 18.4	\$ 18.7	\$ 25.7	\$ 23.3	\$ 26.7	\$ 24.7
Working Capital Ratio	1.4	1.7	1.7	1.6	1.5	1.6	2.0	2.1	2.3	2.2
OTHER ASSETS	\$ 3.4	\$ 3.8	\$ 3.9	\$ 3.8	\$ 1.5	\$ 1.1	\$ 1.2	\$ 1.7	\$.3	\$.3
NET FIXED ASSETS	99.6	88.4	85.4	84.1	78.4	74.0	63.4	61.5	56.2	53.0
DEFERRED INCOME TAXES	7.6	7.4	7.2	6.3	5.5	4.7	4.0	3.9	3.5	3.1
LONG-TERM DEBT (excludes current portion)	25.3	26.3	26.7	28.2	9.1	10.1	11.0	12.0	12.8	13.0
Shareholders' Equity	\$ 99.1	\$ 91.2	\$ 85.5	\$ 80.5	\$ 83.7	\$ 79.0	\$ 75.3	\$ 70.6	\$ 66.9	\$ 61.9
 Accounted for as follows --										
Capital stock	\$ 18.9	\$ 18.7	\$ 17.0	\$ 15.8	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.7	\$ 15.6	\$ 15.4
Reinvested earnings	\$ 80.2	\$ 72.5	\$ 68.5	\$ 64.7	\$ 68.0	\$ 63.3	\$ 59.6	\$ 54.9	\$ 51.3	\$ 46.5
NUMBER OF SHARES OUTSTANDING (000 Omitted)	8,319	8,308	8,174	8,078	8,077	8,073	8,073	8,073	8,069	8,058
NUMBER OF SHAREHOLDERS	8,474	9,191	10,518	11,748	11,305	11,158	11,241	10,895	10,053	9,758
CAPITAL EXPENDITURES	\$ 24.4	\$ 13.8	\$ 14.5	\$ 16.3	\$ 15.3	\$ 18.3	\$ 10.6	\$ 14.7	\$ 13.9	\$ 16.0

Ten Year Statement of Earnings (dollars in millions)

For the fiscal years ended March:	1974*	1973	1972	1971	1970	1969	1968*	1967	1966	1965
SALES	\$1,320.7	\$1,112.2	\$953.7	\$768.5	\$651.6	\$602.9	\$584.2	\$543.5	\$513.7	\$487.7
COST OF GOODS SOLD AND EXPENSES										
Cost of goods sold and expenses except those shown below	\$1,110.2	\$ 932.2	\$801.1	\$644.0	\$530.3	\$492.6	\$480.4	\$452.3	\$428.4	\$408.0
Employees' salaries and benefits	161.8	140.7	115.0	101.1	86.4	76.5	69.5	61.3	53.8	50.0
Depreciation	10.8	10.1	9.4	8.6	7.9	6.8	6.7	6.0	5.9	5.3
Municipal taxes	7.9	7.8	6.8	6.4	5.4	5.1	4.7	4.0	3.6	3.3
Interest on long-term debt	2.3	2.3	2.4	1.0	.5	.5	.6	.6	.6	.6
Other interest .....	.6	.2	.2	1.0	1.1	.3	.1	—	—	—
Investment income .....	.4	.3	.3	.3	.3	.3	.3	.4	.3	.5
	\$1,293.2	\$1,093.0	\$934.6	\$761.8	\$631.3	\$581.5	\$561.7	\$523.8	\$492.0	\$466.7
EARNINGS BEFORE TAXES ON INCOME	\$ 27.5	\$ 19.2	\$ 19.1	\$ 6.7	\$ 20.3	\$ 21.4	\$ 22.5	\$ 19.7	\$ 21.7	\$ 21.0
Per dollar of sales	2.08¢	1.73¢	2.00¢	.87¢	3.12¢	3.55¢	3.86¢	3.63¢	4.21¢	4.30¢
TAXES ON INCOME	\$ 13.9	\$ 9.2	\$ 9.5	\$ 3.4	\$ 11.0	\$ 11.9	\$ 12.0	\$ 10.3	\$ 11.0	\$ 10.9
Per dollar of sales	1.05¢	.83¢	1.00¢	.44¢	1.69¢	1.97¢	2.06¢	1.90¢	2.14¢	2.23¢
NET EARNINGS	\$ 13.6	\$ 10.0	\$ 9.6	\$ 3.3	\$ 9.3	\$ 9.5	\$ 10.5	\$ 9.4	\$ 10.7	\$ 10.1
Per dollar of sales	1.03¢	.90¢	1.00¢	.43¢	1.43¢	1.58¢	1.80¢	1.73¢	2.07¢	2.07¢
Per share	\$ 1.64	\$ 1.21	\$ 1.18	\$.41	\$ 1.15	\$ 1.17	\$ 1.30	\$ 1.16	\$ 1.32	\$ 1.25
DIVIDENDS	\$ 5.9	\$ 5.9	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.8	\$ 5.2
Per share	72¢	72¢	72¢	72¢	72¢	72¢	72¢	72¢	72¢	64¢
NUMBER OF EMPLOYEES										
— full time	11,054	11,194	10,498	10,381	9,664	9,231	9,066	8,766	8,437	8,023
— part time	11,580	11,319	10,684	10,230	8,706	7,935	7,798	7,587	8,125	7,159
	22,634	22,513	21,182	20,611	18,370	17,166	16,864	16,353	16,562	15,182
NUMBER OF STORES OPENED DURING YEAR ..	12	4	19	18	20	17	13	23	26	29
NUMBER OF STORES CLOSED DURING YEAR ..	19	6	13	19	11	9	12	20	29	17
NUMBER OF STORES AT END OF YEAR	394	401	403	397	398	389	381	380	377	380
GROUND FLOOR AREA IN SQUARE FEET (000)	6,254	6,060	5,990	5,730	5,606	5,270	5,204	4,993	4,765	4,575

*53 Weeks



Dominion Stores Limited

Incorporated under the laws of Canada

Head Office:

605 Rogers Road, Toronto, Ontario
M6M 1B9 (416) 652-2000

District Offices:

St. John's, Nfld.	Toronto, Ont.
Halifax, N.S.	Hamilton, Ont.
Saint John, N.B.	Windsor, Ont.
Quebec, Que.	Sudbury, Ont.
Montreal, Que.	Winnipeg, Man.
Ottawa, Ont.	

Board of Directors— Affiliations

JOHN A. McDougald

Chairman of the Board and Chairman of the Executive Committee—
Dominion Stores Limited
Chairman of the Board and President—
Argus Corporation Limited
Chairman of the Executive Committee and Vice-President—
Hollinger Mines Limited
Chairman of the Executive Committee and Director—
Massey-Ferguson Limited
Director and member of the Executive Committee—
Canadian Imperial Bank of Commerce

THOMAS G. McCORMACK

Vice-Chairman and Chief Executive Officer—
Dominion Stores Limited
Director—
Argus Corporation Limited
Crown Trust Company

THOMAS G. BOLTON

President—
Dominion Stores Limited

LEWIS H. M. AYRE

Chairman of the Board and President—
Ayre and Sons Limited
Chairman of the Board—
North Atlantic Fisheries Limited
Director—
The Newfoundland Telephone Co. Limited
The Bank of Nova Scotia

ALEX E. BARRON

Chairman of the Board—
Canadian Tire Corporation Limited
Director—
London Life Insurance Company
The Canada Trust Company

STEWART G. BENNETT

Corporate Director

GEORGE M. BLACK, Jr.

Vice-President—
Argus Corporation Limited

PIERRE PAUL DAIGLE

Vice-President—
City National Leasing Limited
Director—
RCA Limited
Confederation Life Insurance Company
Goodyear Tire and Rubber Company
of Canada Limited
International Paints (Canada) Limited

A. BRUCE MATTHEWS

Chairman of the Board—
Canada Permanent Trust Company
Executive Vice-President—
Argus Corporation Limited

MAXWELL C. G. MEIGHEN

Chairman of the Board—
Canadian General Investments Limited
Domtar Limited

ANDRE MONAST, Q.C.

Partner—
St-Laurent, Monast, Walters, Gagné & Vallières
Director—
Canadian Imperial Bank of Commerce
IBM Canada Limited
Noranda Mines Limited
Canada Cement Lafarge Limited

MITCHELL L. WASIK

Secretary—
Dominion Stores Limited

The Aim

of Dominion Stores Limited
is to fulfil with ever-increasing efficiency its
responsibility as a distributor of food,
thereby performing a satisfactory service
to the consumer, producer, manufacturer
and processor; to discharge its
responsibility to shareholders whose
investment makes the company possible;
and to provide its employees with a
satisfactory living under the best
possible conditions.